

Second-Party Opinion

Suzano Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Suzano Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories – Environmentally Sustainable Management of Living Natural Resources - Land Use and Terrestrial and Aquatic Biodiversity Protection; Renewable Energy; Energy Efficiency; Climate Change Adaption; Sustainable Water and Wastewater Management; Pollution Prevention and Control; Clean Transportation and Eco-efficient and/or circular economy adapted products, production technologies and processes – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11, 12, 13 and 15.



PROJECT EVALUATION AND SELECTION Suzano’s Investment Committee and Sustainability Department will be responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria, with the final approval for all projects granted by the Investment Committee. Both teams will also be responsible for assessing the potential negative environmental and social impacts of the financed projects as per Suzano’s risk management policies. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Suzano’s Treasury Department will be responsible for the management of proceeds and will track their allocation using the Company’s internal systems. Suzano intends to allocate proceeds within 72 months of each issuance. Pending full allocation, unallocated proceeds may be held in cash or liquid investments or used to repay outstanding debt not associated with carbon-intensive activities. Sustainalytics considers it good practice to allocate the proceeds within 36 months of issuance and considers Suzano’s use of a tracking system and disclosure on the temporary use of proceeds to be in line with market practice.



REPORTING Suzano commits to report on allocation of proceeds in a Green Financing Instrument Report published on its website, on an annual basis until full allocation. Allocation reporting will include a description of the financed projects, the amount of proceeds allocated to each project or category and share of financing versus refinancing. In addition, Suzano commits to report on relevant impact metrics. Sustainalytics views Suzano’s allocation and impact reporting as aligned with market practice.

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Issuer Location	São Paulo, Brazil

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¹ This document updates the Second-Party Opinion provided by Sustainalytics in October 2024.

Introduction

Suzano S.A. (“Suzano” or the “Company”) is a Brazilian producer of bio-based raw materials, such as coated and uncoated printing and writing paper, paperboard, tissue paper, market pulp and fluff pulp. The Company is headquartered in São Paulo, Brazil, operating a forestry base of approximately 2.7 million hectares and employing nearly 20,627 people, as of 2023.²

Suzano has developed the Suzano Green Financing Framework dated November 2024 (the “Framework”) under which the Company, its subsidiaries or affiliates³ may issue or obtain the following “Green Financing Instruments”: i) bonds (such as notes); ii) loans (such as revolving credit facilities, term loans and contingent facilities); iii) debentures, private placements⁴ (preferred stock or mezzanine debt); and iv) commercial paper (with maturity longer than one year). Suzano intends to use the proceeds from the Green Financing Instruments to finance or refinance, in whole or in part, existing or future projects that are expected to achieve positive environmental and social impacts in Brazil.

The Framework defines eligibility criteria in eight areas:

1. Environmentally Sustainable Management of Living Natural Resources - Land Use and Terrestrial and Aquatic Biodiversity Protection
2. Renewable Energy
3. Energy Efficiency
4. Climate Change Adaption
5. Sustainable Water and Wastewater Management
6. Pollution Prevention and Control
7. Clean Transportation
8. Eco-efficient and/or circular economy adapted products, production technologies and processes.

Suzano engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁵ and the Green Loan Principles 2023 (GLP).⁶ The Framework has been published in a separate document.⁷

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁸ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and

The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.17, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Suzano’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Suzano

² Suzano, “Sustainability Reports”, at: <https://www.suzano.com.br/en/sustainability/sustainability-reports>

³ Suzano has confirmed to Sustainalytics that it will have operational control of the issuance process of its subsidiaries and affiliates as it pertains to any financings under the Framework. The Company has further confirmed that it will be responsible for ensuring continual alignment of any issuances with the criteria defined in the Framework.

⁴ Suzano has confirmed to Sustainalytics that private placements will be limited to debt instruments.

⁵ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁶ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁷ The Suzano Green Financing Framework is available at: <https://ir.suzano.com.br/English/Home/default.aspx>

⁸ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

representatives have confirmed that: (1) they understand it is the sole responsibility of Suzano to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Suzano.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability, or completeness of any facts or statements and related surrounding circumstances that Suzano has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Suzano Green Financing Framework

Sustainalytics is of the opinion that the Suzano Green Financing Framework is credible, impactful, and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories are aligned with those recognized by the GBP and GLP. The eligible categories are: Environmentally Sustainable Management of Living Natural Resources - Land Use and Terrestrial and Aquatic Biodiversity Protection; Renewable Energy; Energy Efficiency; Climate Change Adaption; Sustainable Water and Wastewater Management; Pollution Prevention and Control; Clean Transportation; and Eco-efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes.
 - Suzano has defined a look-back period of two years for refinancing operating expenditures, which Sustainalytics considers to be in line with market practice.
 - Under the Renewable Energy and Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes categories, Suzano may finance the acquisition and investment in companies that derive a minimum of 90% of their revenue from activities meeting the eligibility criteria for these categories. For acquisitions, the financed amount will be equal to the net asset value of credible assets of the acquired company, excluding goodwill. Sustainalytics acknowledges that allocating proceeds to pure play companies through green financing transactions is a commonly accepted approach, which is likely to generate positive impacts, however, allocation against project- and activity-based lending generally results in more direct environmental benefits and enhanced compliance with eligibility criteria.
 - Under the Environmentally Sustainable Management of Living Natural Resources category, Suzano may finance:
 - Acquisition, maintenance, and management of eucalyptus plantations certified (or expected to receive certification within 12 months of allocation) by the Forest Stewardship Council (FSC)⁹ or the Programme for the Endorsement of Forest

⁹ Forest Stewardship Council: <https://fsc.org/en/about-us>

- Certification (PEFC).¹⁰ Financed expenditures may include costs associated with implementing practices required by the FSC and PEFC certifications.
- Expenditures related to tree nurseries and silviculture, to promote planting and replanting through activities such as: i) use of eco-efficient methods and resource-use; ii) implementation of techniques such as mosaic planting, biological control, and minimum tillage that result in the conservation of native vegetation and watersheds and improve soil quality; iii) development of hybrid species to improve the productivity of eucalyptus plantations while reducing water consumption, increasing CO₂ capture and optimizing soil use. Sustainalytics notes the following:
 - Reforestation and afforestation projects will include a sustainable management plan certified by FSC or PEFC, and only use tree species that are well adapted to site conditions for planted and native forests.
 - The development of hybrid plants will exclude those with transgenic manipulation or genetic engineering.
 - Projects related to the protection and conservation of natural resources, including endangered flora and fauna, and the preservation and restoration of high conservation value (HCV) forests.¹¹ Eligible projects may include:
 - Activities required to maintain or develop conservation areas, such as acquisition and planting of native seedlings, pest management, and creation and maintenance of ecological corridors and mosaics in non-native plantations.
 - Expenditures for protecting fauna and managing roadkill hotspots such as through construction of fences and fauna underpasses.
 - Financing of specialized facilities and services to study and monitor restored areas, such as GIS analysis, and satellite data collection and analysis.
 - The Framework excludes financing for inorganic or synthetic fertilizers, pesticides, and herbicides.
 - Sustainalytics considers the investments in these activities to be aligned with market practice.
- Under the Energy Efficiency category, Suzano intends to finance studies and expenditures related to projects that improve the energy efficiency of equipment and machinery used in its production processes. The Company intends to finance projects that are expected to result at least in a 15% energy efficiency improvement.
 - Suzano has confirmed that investments under this category will exclude equipment that is primarily powered by fossil fuels.
 - Sustainalytics views positively the inclusion of a defined energy efficiency threshold for the installation of energy-efficient systems equipment.
 - Under the Renewable Energy category, Suzano may finance or refinance the development, construction, expansion, operation, design, upgrade, and maintenance of renewable energy projects, in accordance with the following criteria:¹²
 - Projects and equipment related to: i) biomass recovery boilers and related facilities that utilize wood waste (such as twigs, scraps, and bark) and black liquor from FSC¹³

¹⁰ Programme for the Endorsement of Forest Certification: <https://www.pefc.org/>

¹¹ HCV areas are those that have been identified for preservation by Suzano in partnership with experts and local communities because of the high value of their native plant or fauna species. The preservation of these species results in maintaining both plant and animal biodiversity. Any area designated for conservation cannot be harvested for pulp. Activities aligned with this use of proceeds criterion include funding studies that identify and evaluate HCV areas; monitoring flora, fauna, and water resources in HCVA areas; funding environmental education projects; and funding services.

¹² The pulp and paper industry is energy-intensive, largely driven by the substantial amount of heat required in the chemical pulp production and paper drying processes, where drying accounts for approximately 70% of the total energy used. Despite continued increases in the use of renewable energy in the sector (primarily biomass inputs and process by-products such as black liquor) fossil fuels continue to be utilized, especially for the calcination process in lime kilns requiring high temperatures. As a result, the sector was responsible for approximately 2% of all industrial emissions worldwide in 2021. Sustainalytics notes that a significant portion of the proceeds will be directed to projects and assets relating to the Company's pulp and paper production operations, which used renewable energy, primarily from biomass, for approximately 88% of their total energy use in 2023. Sustainalytics notes that Suzano also reports on the overall emissions intensity of its pulp production operations. IEA, "Pulp and Paper", at: <https://www.iea.org/reports/pulp-and-paper>

¹³ Forest Stewardship Council: <https://fsc.org/en/about-us>

- or PEFC-certified forests and mill residues as feedstock;^{14,15} and ii) use of green hydrogen from electrolysis processes in kilns.
- Hydrogen production will meet the following criteria: i) electricity will be produced by electrolysis and powered 100% by renewable energy sources; ii) direct CO₂ emissions intensity of producing hydrogen will be at most 0.95 tCO₂e/tonne of hydrogen; iii) hydrogen production by electrolysis will use electricity at a maximum of 50 MWh/t hydrogen; or iv) average carbon intensity of the electricity produced and used for hydrogen manufacturing at most 100 gCO₂e/kWh.
 - Suzano will not use feedstock from palm oil operations.
- Research and development costs related to advanced energy production technologies such as, production of bioenergy (biogas and biofuel) and conversion of biogas to hydrogen.¹⁶
 - Investments in the construction, maintenance, and operation of transmission and distribution infrastructure that: i) have an average system grid emissions factor lower than 100g CO₂e/kWh over a rolling five-year period; or ii) that are dedicated to connecting renewables to the power grid with the aim of enabling export of excess renewable energy.
 - Purchase of renewable energy through wind and solar that meets the criteria for solar and wind projects, using long-term (at least 5 years) power purchase agreements (PPAs).
 - Sustainalytics considers these investments to be aligned with market practice.
- Under the Climate Change Adaptation category, Suzano may finance or refinance investments related to assessment of opportunities and improvement of resilience of forestry, industrial and logistics operations, in accordance with the following criteria:
- Research and development expenditures related to increasing the resilience of seeds, seedlings and forest massifs to the conditions of each biome, climate projections and extreme weather events.
 - Implementation of forest fire prevention and control programmes through innovative planting methods.
 - Implementation of self-protected forests programmes in own plantations and third-party plantations and design of programmes to reduce the occurrence of fires. The programmes may include: i) usage of controlled burns to manage underbrush and reduce fuel loads; ii) community training programmes to educate local communities and plantation workers; iii) monitoring and surveillance via drones and satellite to enable real-time assessment of forest conditions and early warning of potential fire outbreaks; iv) investments in firefighting equipment (such as water tanks and fire extinguishers); v) investments in research and development to identify fire-resistant tree species; and vi) adopting holistic land management practices.
 - Investments in control room system equipment, such as artificial intelligence and satellites.
 - Suzano has confirmed to Sustainalytics that vulnerability assessment plans will be carried out at sites to understand the climate risks and impacts, and that adaptation plans will be subsequently incorporated for investments under this category.

¹⁴ The following criteria applies to biomass projects: i) facilities emit 80% less GHG in relation to the relative fossil fuel comparator; and ii) activities demonstrate wood carbon stocks maintained or enhanced; iii) for installations that produce electricity from biomass or biofuel, the electricity generated must have GHG emissions not exceeding 100 gCO₂e/kWh; and iv) where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria for anaerobic digestion of sewage sludge from Suzano's operations.

For electricity generation installations with a total rated thermal input of 50-100 MW, the activity applies high-efficiency cogeneration technology; for electricity-only installations, the activity meets an energy efficiency level associated with the best available techniques (BATAEL) ranges set out in the latest relevant best available techniques (BAT) conclusions, including the BAT conclusions for large combustion plants.

For electricity generation installations with a total rated thermal input above 100 MW, the activity complies with one or more of the following criteria: i) attains electrical efficiency of at least 36%; ii) applies highly efficient combined heat and power (CHP) technology; or iii) uses carbon capture and storage technology where the CO₂ that would otherwise be emitted from the electricity generation process is captured for the purpose of underground storage, and the CO₂ is transported and stored underground.

For biomass projects, the feedstock will not be procured from land that was deemed to have high biodiversity and a high level of carbon stock in the past 10 years.

¹⁵ Programme for the Endorsement of Forest Certification: <https://www.pefc.org/>

¹⁶ Biomass follows the same criteria described for biomass recovery plants.

- Sustainalytics considers these investments to be aligned with market practice.
- Under the Sustainable Water and Wastewater Management category, Suzano may finance expenditures related to: i) implementing technologies that result in an efficient use of water and achieve at least a 10% reduction in usage; ii) construction and development of technology, and purchase of equipment for the treatment of effluents; and iii) implementing technologies and systems that improve the quality of treated water and effluents and monitoring the quality of effluents. Sustainalytics considers these investments to be aligned with market practice.
- Under the Pollution Prevention and Control category, Suzano may finance, or refinance project and processes related to reduction in emissions and waste generation and reuse of waste in processes, in accordance with the following criteria:
 - Projects and equipment to recover fibre wastes intended to be reused as biomass.¹⁷
 - Developing internal initiatives, projects, capabilities and forging collaborative partnerships with startups, local universities and other research centres to: i) optimize resource utilization; ii) reduce the volume of waste generated; and iii) improve management and disposal of hazardous and non-hazardous industrial waste to reduce waste ending up in landfill.
 - Projects related to technological solutions, such as carbon capture, storage and carbon reduction projects. Bioenergy and carbon capture and storage (BECCS) projects will comply with the following: i) emissions below 100 gCO₂e/kWh; ii) waste feedstock certified by FSC or PEFC; and iii) permanent carbon storage of 100% of GHG emissions.
 - Implementation and research and development of equipment and projects related to monitoring capacity and reduction in air emissions, such as NO_x, particulate matter and SO₂.
 - Sustainalytics considers these investments to be aligned with market practice.
- Under the Clean Transportation category, Suzano may finance or refinance the acquisition, modernization and maintenance of the transport fleets and associated infrastructure, in accordance with the following criteria:
 - Purchase of zero direct emissions vehicles and hybrid vehicles, including: i) electric and hybrid passenger vehicles and other commercial fleet vehicles with maximum emissions of 50 gCO₂/km; ii) heavy-duty trucks with maximum tailpipe emissions of 25 gCO₂/km until 2025 and zero emissions from 2026 onwards. Emissions will be calculated based on the World Harmonized Light-duty Vehicle Test Procedure, which uses real-driving data to replicate actual driving conditions.
 - Low or zero-carbon fuels for Suzano's own commercial fleet.
 - Purchase of fully electric heavy mobile construction equipment and heavy-duty trucks.
 - Modernization and maintenance of infrastructure projects associated with low-carbon, hybrid and electric vehicles, including fuelling and charging stations.
 - The Framework excludes the financing of parking facilities.
 - Sustainalytics considers these expenditures to be aligned with market practice.
- Under the Eco-efficient and/or circular economy adapted products, production technologies and processes category, Suzano may finance or refinance:
 - Research and development investments in equipment to enable operational eco-efficiency improvements for pulp lines, such as increasing forest productivity index, reducing raw materials, reducing weight per unit and replacing polyethylene and other fossil fuel-based material, developing 100% bio-based products and new forestry technologies.
 - Research and development investments, including: i) the development of next-generation biochemicals and biofuels from wood waste (such as twigs, scraps, and bark) and black liquor from FSC- or PEFC-certified forests and mill residues as feedstock; and ii) eco-friendly and resource-efficient packaging to replace plastics.
 - Development of products such as, Greenpack and Pollen Natural produced with sustainable materials such as, 100% eucalyptus fibre. Additionally, the projects will be accompanied by a sustainable management plan certified by FSC or PEFC.
 - Sustainalytics considers these expenditures to be aligned with market practice.

¹⁷ Biomass follows the same criteria of the Renewable Energy category.

- The Framework excludes financing for: i) activities involving exploitation of human rights, modern slavery, forced labour or child labour; ii) activities related to alcohol, tobacco, weapons and arms trade, gambling, nuclear energy, palm oil, inorganic or synthetic agrochemicals, herbicides, insecticides and pesticides; iii) activities or production on protected lands that violate Indigenous peoples' rights; and iv) operations and equipment reliant on fossil fuels and carbon-intensive activities. Sustainalytics views positively the presence of this exclusion list.
- Project Evaluation and Selection:
 - Suzano's Investment Committee and Sustainability Department will be responsible for selecting and evaluating projects in line with the Framework's eligibility criteria. The Investment Committee will grant final approval for the selected projects.
 - Suzano's Investment Committee and Sustainability Department will also be responsible for assessing potential material risks and mitigating factors associated with the eligible projects, including negative environmental and social impacts. Sustainalytics considers these environmental and social risk management systems to be adequate. For additional detail, see section 2.
 - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Suzano's Treasury Department will be responsible for the management of proceeds and will track their allocation using the Company's internal systems.
 - In the case, multi-tranche loan facilities, Suzano will label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Suzano intends to allocate proceeds within 72 months of each issuance.¹⁸ Sustainalytics considers it good practice to allocate proceeds within 36 months of issuance. Pending full allocation, unallocated proceeds will be held in cash, cash equivalents, or liquid investments or used to repay outstanding debt that is not associated with carbon-intensive activities.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Suzano commits to reporting on the allocation of proceeds and the corresponding impacts in a Green Financial Instrument Report, which will be published on its website on an annual basis until the proceeds have been fully allocated. Reporting for any revolving credit facilities obtained under the Framework will continue until loan maturity. Suzano will also obtain an independent third-party limited assurance for the allocation and impact reporting.
 - Allocation reporting will include a description of the allocated projects; the amounts allocated to each project or category; the share of new financing versus refinancing; and the outstanding or unallocated amount at the end of the reporting period.
 - Impact reporting will include relevant environmental impact metrics, such as: reduced emissions from deforestation (in tCO₂e); hectares planted or conserved; reduced or avoided emissions (in tCO₂eq/ton); reduction in electricity consumption (in MWh); total renewable energy generated (in MWh); the number of large-scale fires prevented. Refer to the Framework for a complete list of impact metrics.
 - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Suzano Green Financing Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Suzano

Contribution to Suzano's sustainability strategy

Suzano's sustainability strategy focuses on driving a circular and bio-based economy, based on five main pillars: i) developing innovative and sustainable solutions and products; ii) helping address society's

¹⁸ Suzano has communicated to Sustainalytics that the allocation period of up to 72 months has been established to accommodate the harvesting and production cycle of approximately seven years for eucalyptus plantations.

challenges; iii) supporting the socioeconomic development of the communities near the Company's operations; iii) helping to drive the evolution of the bioeconomy; and iv) being a leader in sustainability.¹⁹

As part of Suzano's commitment to sustainability, the Company has set 2030 targets through its Commitments to Renewing Life, which focus on addressing climate change, biodiversity conservation, water stewardship and local community development. These targets include: i) removing 40 million tCO₂ from the atmosphere by 2025, compared to a 2020 baseline; ii) conserving 500,000 hectares of priority areas for biodiversity conservation in the Amazon, Atlantic Forest and Cerrado by 2030; and iii) reducing water withdrawal intensity by 15% per saleable products in the Company's industrial operations by 2030, versus a 2018 baseline.^{20,21} With regard to innovation and sustainable product development, Suzano has committed to creating eco-efficient and circular economy-adapted products, such as biodegradable packaging and materials that minimize waste and reduce environmental impacts.²² In addressing society's challenges, Suzano has committed to funding renewable energy projects, specifically targeting investments in biomass energy generation. Suzano currently sources 88% of the energy it uses from renewable sources, primarily through biomass energy generation using black liquor, a by-product of pulp production. The Company plans to reduce its reliance on fossil fuels further and aims to achieve a 15% reduction in scope 1 and 2 greenhouse gas emissions per tonne of production by 2030, using a 2015 baseline. To support this, Suzano is expanding its biomass energy generation capacity. By mid-2024, a biomass gasification plant at Ribas do Rio Pardo will replace 250 tonnes per day of fossil fuel with biomass energy. Additionally, in 2023, Suzano earned BRL 499,000 (USD 99,800) through the sale of international renewable energy certificates (I-RECs). Suzano also aims to increase its renewable energy exports by 50% by 2030.^{23,24,25} These commitments include goals aimed at reducing Suzano's environmental impact and contributing to sustainable development.

In parallel, Suzano has invested in retrofit projects across its industrial operations to improve energy efficiency. These include the modernization of kilns, boilers and turbogenerators, aiming to phase out high-emission fuels, such as oil and natural gas, in favour of biomass and black liquor. In 2023, Suzano entered into a contract with Eneva to supply liquefied natural gas for the Imperatriz pulp plant, replacing fuel oil and resulting in a 13% reduction in the site's greenhouse gas emissions.^{26,27} Suzano also operates a mosaic landscape model, interspersing eucalyptus plantations with native forests to maintain biodiversity.^{28,29} The Company is also committed to advancing circular economy principles, focusing on replacing fossil-based products and improving water and waste management processes.³⁰

Sustainalytics is of the opinion that the Suzano Green Financing Framework is aligned with the Company's overall sustainability strategy and will further the Company's actions on its key environmental priorities.

Suzano's Environmental and Social Risk Management

Sustainalytics recognizes that the net proceeds from instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to land use and biodiversity impacts; water use and pollution; community relations; occupational health and safety; and supply chain management.

Sustainalytics is of the opinion that Suzano is able to manage or mitigate potential risks through implementation of the following:

- Suzano has established a Land Use and Biodiversity Policy that encompasses the Genetically Modified Tree and Positioning Zero Deforestation Policies, which apply to all its business units. These policies address several key sustainability areas, including energy efficiency, climate change, water management, community relations, human rights, diversity, land use and sustainable

¹⁹ Suzano, "Our Sustainability Strategy", <https://www.suzano.com.br/sustentabilidade/estrategia-de-sustentabilidade>

²⁰ Suzano, at: <https://r2020.suzano.com.br/en/long-term-goals/>

²¹ Suzano, "2023 Sustainability Report", at: https://cdn.prod.website-files.com/652e86223e44678d24f55b54/65f362a8537fd6018c89699c_Suzano_2023SustainabilityReport.pdf

²² Ibid.

²³ Ibid.

²⁴ Suzano, "Climate Change at Suzano", at: https://centraldesustentabilidade.suzano.com.br/en/indicadores/?ind=climate-change-at-suzano-642609d6d1539&filter_tag=temas_materiais

²⁵ Suzano, "Environmental", at: <https://ir.suzano.com.br/English/esg/Environmental/default.aspx>

²⁶ Suzano, "2023 Sustainability Report", at: https://cdn.prod.website-files.com/652e86223e44678d24f55b54/65f362a8537fd6018c89699c_Suzano_2023SustainabilityReport.pdf

²⁷ Suzano, "Environmental", at: <https://ir.suzano.com.br/English/esg/Environmental/default.aspx>

²⁸ Ibid.

²⁹ Suzano, "Environmental", at: <https://ir.suzano.com.br/English/esg/Environmental/default.aspx>

³⁰ Suzano, "Long-Term Goals", at: <https://r2020.suzano.com.br/en/long-term-goals/>

procurement. In addition, Suzano's policy on research and development of genetically modified (GM) trees outlines principles for responsible management and governance, with a focus on ethical decision-making, community empowerment and scientific progress.^{31,32}

- Suzano's Water Resources Policy emphasizes the responsible use of water, minimizing operational impacts on local water sources and safeguarding the natural water cycle. Suzano actively identifies and monitors water-related risks, implements conservation measures and engages with stakeholders in water management in critical watersheds.³³ Additionally, Suzano's Corporate Environmental Management Policy reinforces its commitment to water stewardship by linking employee compensation to achieving public water reduction targets.³⁴ The Industrial Waste Policy, in conjunction with the Solid Waste Management policy covers the classification, segregation and appropriate disposal of waste, including class I hazardous waste and non-hazardous waste (classes II A and II B). Waste is managed through proper segregation, storage and final disposal methods, such as incineration, landfill and co-processing. These practices are communicated through mandatory training and performance evaluations to enforce compliance with Suzano's water and waste management standards at its operations.^{35,36}
- To address risks related to community relations, Suzano has Community Relations, and Human Rights policies and a Relationship Management Manual, which focus on identifying, preventing, and mitigating negative social impacts in areas where the Company operates. The Community Relations Policy mandates Suzano to engage in a transparent dialogue with local communities, including traditional populations such as Indigenous and Quilombola groups, and implements comprehensive social programs under its Resilient Territories approach to manage conflicts and promote development. The Human Rights policy reinforces Suzano's commitment to internationally recognized human rights standards, with specific attention to labour rights, anti-discrimination, and forced labour prevention across its value chain. The Relationship Management Manual outlines clear processes for maintaining stakeholder relations and managing human rights risks, so that concerns are addressed through proper channels and that the Company's operations align with its social responsibility goals.^{37,38,39} Suzano's Integrated Risk Management policy outlines its approach to managing risks across its operations, including alignment with the ethical principles, as stated in its Code of Ethics and Conduct, which reinforces the principles of transparency, corporate responsibility, and ethical conduct in its relationships with stakeholders.^{40,41}
- Regarding occupational health and safety risks, Suzano has a Corporate Health, Safety and Quality of Life policy that promotes a safe and healthy environment across its own operations as well as its service providers and partners. The policy requires adopting policies and practices that prevent work accidents and hazards, and complying with relevant labour, health, and safety legislation. Suzano also conducts regular checks and audits to identify gaps and provides training to promote a safety culture among its employees as well as service providers.⁴²
- To manage risks related to its supply chain, Suzano's Supplier Code of Conduct promotes ethical standards on transparency, respect for human rights, and a commitment to environmental stewardship among suppliers. Through its Wood Supply Policy, Suzano upholds responsible sourcing practices, including compliance with legal and sustainability standards. The Company's

³¹ Suzano, "Genetically Modified Tree Policy", at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/66aadfa6bb9dccc73767dbcf_Genetically%20Modified%20Trees%20Policy%20\(EN\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/66aadfa6bb9dccc73767dbcf_Genetically%20Modified%20Trees%20Policy%20(EN).pdf)

³² Suzano, "Suzano's Positioning Zero Deforestation", at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595d4d31a9732133420f285_Position%20on%20Zero%20Deforestation%20\(EN\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595d4d31a9732133420f285_Position%20on%20Zero%20Deforestation%20(EN).pdf)

³³ Suzano, "2023 Sustainability Report", at: https://cdn.prod.website-files.com/652e86223e44678d24f55b54/65f362a8537fd6018c89699c_Suzano_2023SustainabilityReport.pdf

³⁴ Suzano, "Corporate Environmental Management Policy", at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595d68d9367889ac8a79e2a_Corporate%20Environmental%20Management%20Policy%20\(EN\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595d68d9367889ac8a79e2a_Corporate%20Environmental%20Management%20Policy%20(EN).pdf)

³⁵ The Industrial Waste Policy was shared confidentiality with Sustainalytics.

³⁶ The Solid Waste Management policy was shared with Sustainalytics confidentially.

³⁷ Suzano, "Suzano's Positioning on Community Relations", at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/658e2f8d0c1bc035299c31aa_Positioning%20about%20Community%20Relations%20\(EN\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/658e2f8d0c1bc035299c31aa_Positioning%20about%20Community%20Relations%20(EN).pdf)

³⁸ Suzano, "Corporate Human Rights Policy", at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595cab23da8048c9db5f2e8_Corporate%20Human%20Rights%20Policy%20\(EN\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595cab23da8048c9db5f2e8_Corporate%20Human%20Rights%20Policy%20(EN).pdf)

³⁹ Suzano, "Manual Gestão de Relacionamento", at: <https://stszprdscentind.blob.core.windows.net/site/documents/MA.26.00.0001%20Manual%20de%20Gest%C3%A3o%20de%20Relacionamento%20V2.pdf>

⁴⁰ Suzano, "Integrated Risk Management Policy", at:

⁴¹ Suzano, "Code of Ethics and Conduct", at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/658e18824205f28754929444_C%C3%B3digo%20de%20C%C3%89tica%20e%20Conduta%20-%20Ingl%C3%AAs%20\(Compactado\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/658e18824205f28754929444_C%C3%B3digo%20de%20C%C3%89tica%20e%20Conduta%20-%20Ingl%C3%AAs%20(Compactado).pdf)

⁴² The Corporate Health, Safety and Quality of Life Policy was shared confidentiality with Sustainalytics.

Sustainable Purchasing Policy also embeds sustainable practices in the Company's procurement processes by focusing on efficient resource use and minimizing environmental impact.^{43,44,45}

- Additionally, Sustainalytics' research has identified Veracel Celulose, a joint venture company in which Suzano holds a 50% ownership interest, as being exposed to significant controversies related to deforestation and land grabbing and involved in multiple pending lawsuits. The lawsuits pertain to allegations that Veracel's operations related to eucalyptus plantations in the Brazilian state of Bahia have i) taken place on land with disputed ownership; ii) threatened eviction of residents; iii) exposed people and their properties to the chemicals used for the treatment of trees; and iv) caused water crisis, impacting local springs and wildlife. As Suzano commits to exclude Veracel's operations under the Framework, the controversy is not directly related to the use of proceeds. In addition, Suzano has shared initiatives that Veracel takes to address the controversies. These initiatives include forging agreements and partnerships with relevant stakeholders including local communities, rural workers, social movements, government agencies and NGOs, to address concerns and achieve positive impacts related to sustainable operations.⁴⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Suzano has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of sustainable forestry in Brazil

Forests represent a third of all land biodiversity worldwide and provide essential resources, such as forestry products, including pulp and paper.⁴⁷ In Brazil, approximately 59% of the land area is covered by forests, including about 493.5 million hectares of forested land, of which 485 million hectares are primary or naturally regenerated forests.^{48,49} These forests are essential for maintaining biodiversity, storing carbon and supporting Indigenous communities.⁵⁰ Globally, Latin America and the Caribbean host 25% of the world's total forest area and 57% of its primary forests.⁵¹ This is particularly relevant in the case of Brazil, where forests cover 59% of the land area.⁵² The Food and Agriculture Organization recognizes sustainable forest management as critical to addressing deforestation, contributing to the achievement of the UN SDGs and supporting the Paris Climate Agreement targets.⁵³

Brazil faces significant challenges in maintaining its forests. In 2023, the country lost approximately 3.7 million hectares of forest, a 36% reduction in primary forest loss compared to 2022.⁵⁴ Accounting for a significant portion of global deforestation in 2023, Brazil's deforestation last year resulted in the release of 1.8 GtCO₂e of emissions.⁵⁵ Deforestation in Brazil is driven by illegal logging, agricultural expansion and mining activities, particularly in the Amazon region.^{56,57} Proper forest management, however, can contribute

⁴³ Suzano, "Supplier Code of Conduct", (2024), at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/667c6222031fa587763fdc44_Supplier%20Code%20of%20Conduct%20\(EN\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/667c6222031fa587763fdc44_Supplier%20Code%20of%20Conduct%20(EN).pdf)

⁴⁴ Suzano, "Política de Compras Sustentáveis", at: <https://stszprdscentind.blob.core.windows.net/site/documents/1.%20Pol%C3%81tica-de-Compras-Sustenta%C3%81veis.pdf>

⁴⁵ Suzano, "Wood Supply Policy", at: [https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595d374ec00ea5e6e534977_Wood%20Supply%20Policy%20\(EN\).pdf](https://cdn.prod.website-files.com/652e86223e44678d24f55b54/6595d374ec00ea5e6e534977_Wood%20Supply%20Policy%20(EN).pdf)

⁴⁶ Suzano, "Suzano's Positioning: Land management at Veracel", at: <https://stszprdscentind.blob.core.windows.net/site/documents/16.%20POSITIONING%20ABOUT%20LAND%20MANAGEMENT%20AT%20VERACEL.pdf>

⁴⁷ FSC, "Certificate", at: <https://info.fsc.org/details.php?id=a02400000BSfq8AAD&type=certificate&return=certificate.php>

⁴⁸ Food and Agriculture Organization of the United Nations, "Global Forest Resources Assessment 2020 Key findings", at: <https://openknowledge.fao.org/server/api/core/bitstreams/9f24d451-2e56-4ae2-8a4a-1bc511f5e60e/content>

⁴⁹ Global Forest Watch, "Brazil-Summary", at: <https://www.globalforestwatch.org/dashboards/country/BRA/>

⁵⁰ Food and Agriculture Organization of the United Nations, "Forest governance by indigenous and tribal peoples-An opportunity for climate action in Latin America and the Caribbean", at: <https://openknowledge.fao.org/server/api/core/bitstreams/6d5d544c-8709-4d64-af2e-593d0ab8d066/content>

⁵¹ CAF Develop Bank of Latin America and the Caribbean, "Latin America and the Caribbean region of solutions to climate change", (2023), at: <https://www.caf.com/en/currently/news/2023/11/latin-america-and-the-caribbean-region-of-solutions-to-climate-change/>

⁵² Global Forest Watch, "Brazil-Summary", at: <https://www.globalforestwatch.org/dashboards/country/BRA/>

⁵³ Food and Agriculture Organization of the United Nations, "Global Forest Resources Assessment 2020 Key findings", at: <https://openknowledge.fao.org/server/api/core/bitstreams/9f24d451-2e56-4ae2-8a4a-1bc511f5e60e/content>

⁵⁴ World Resources Institute, "Forest Pulse: The Latest on the World's Forests", (2024), at: <https://research.wri.org/gfr/latest-analysis-deforestation-trends>

⁵⁵ Global Forest Watch, "Brazil-Climate", at: <https://www.globalforestwatch.org/dashboards/country/BRA/?category=climate>

⁵⁶ Mongabay, "In Brazil's Amazon, a 'new agricultural frontier' threatens protected lands", (2023), at: <https://news.mongabay.com/2023/07/in-brazils-amazon-a-new-deforestation-frontier-threatens-protected-lands/>

⁵⁷ Global Forest Watch, "Brazil-Summary", at: <https://www.globalforestwatch.org/dashboards/country/BRA/>

to regional economic revitalization, enabling a sustainable timber and non-timber forest product industry. It also plays a role in restoring biodiversity and providing ecosystem services critical to local communities and global environmental health.^{58,59} To address these challenges, the Brazilian government has taken steps to strengthen its forest management strategies. In 2023, Brazil committed to achieve zero deforestation by 2030 as part of its updated Nationally Determined Contribution (NDC) under the Paris Agreement.⁶⁰

The Brazilian government also introduced initiatives aimed at reforesting degraded areas, with a goal to restore 12 million hectares by 2030.⁶¹ Brazil has received international support, including funding from the Amazon Fund and the Green Climate Fund, to implement REDD+ activities aimed at reducing emissions from deforestation and forest degradation.^{62,63} Local forestry industry groups highlight the sustainable practices of its member companies, some which dedicate up to 40% of their managed lands to preservation, contributing to national and international biodiversity goals, aligning with Aichi targets.^{64,65} These conservation strategies meet the ambitions of Brazil’s Forest Code, a legal framework designed to curb deforestation and promote reforestation which includes provisions requiring companies to restore illegally deforested areas, further supporting biodiversity and ecosystem services.⁶⁶

In this context, Sustainalytics considers that Suzano’s investments can make important contributions towards preserving biodiversity and sustainably managing forests in Brazil.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Suzano Green Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Environmentally Sustainable Management of Living Natural Resources - Land Use and Terrestrial and Aquatic Biodiversity Protection	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally ⁶⁷ 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species ⁶⁸
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

⁵⁸ Food and Agriculture Organization of the United Nations, at: <https://www.fao.org/state-of-forests/en/>

⁵⁹ Food and Agriculture Organization of the United Nations, “Global Forest Resources Assessment 2020 Key findings”, at: <https://openknowledge.fao.org/server/api/core/bitstreams/9f24d451-2e56-4ae2-8a4a-1bc511f5e60e/content>

⁶⁰ Brazil First NDC 2023 adjustment, “Federative Republic of Brazil Nationally Determined Contribution (NDC) to the Paris Agreement under the UNFCCC”, (2023), at: <https://unfccc.int/sites/default/files/NDC/2023-11/Brazil%20First%20NDC%202023%20adjustment.pdf>

⁶¹ Initiative 20x20, “Brazil”, at: <https://initiative20x20.org/regions-countries/brazil>

⁶² Food and Agriculture Organization of the United Nations, at: <https://www.fao.org/interactive/forest-resources-assessment/2020/en/>

⁶³ Global Forest Watch, “Brazil-Summary”, at: <https://www.globalforestwatch.org/dashboards/country/BRA/>

⁶⁴ Iba-Brazil Tree Industry, “Biodiversity”, at: <https://iba.org/eng/biodiversity>

⁶⁵ Brock, R.C. et al. (2021), “Implementing Brazil’s Forest Code: a vital contribution to securing forests and conserving biodiversity, Biodiversity and Conservation”, at: <https://link.springer.com/article/10.1007/s10531-021-02159-x>

⁶⁶ Ibid.

⁶⁷ Sustainalytics notes that this SDG target represents an interim goal established by the UN in 2015 as a pathway to achieve sustainable development by 2030 and has not since been updated. However, in 2019, the UN reported that the annual rate of deforestation globally was estimated at 10 million hectares between 2015 and 2020. Sustainalytics recognizes the continued need for investment toward the achievement of this target and considers it to be relevant and impactful in the context of the Framework.

UN Statistics Division, “Progress summary for SDG targets with a 2020 deadline” at: <https://unstats.un.org/sdgs/report/2020/progress-summary-for-SDG-targets/>

⁶⁸ This SDG target represents an interim goal established by the UN in 2015 as a pathway to achieve sustainable development by 2030 and has not since been updated. However, in 2019, the UN reported that species extinction risk has worsened by 10% over the last three decades, with the Red List Index declining from 0.82 in 1990 to 0.75 in 2015, and to 0.73 in 2020. Sustainalytics recognizes the continued need for investment towards the achievement of this target and considers it to be relevant and impactful in the context of the Framework.

UN Statistics Division, “Progress summary for SDG targets with a 2020 deadline” at: <https://unstats.un.org/sdgs/report/2020/progress-summary-for-SDG-targets/>

Energy Efficiency	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Climate Change Adaption	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Pollution Prevention and Control	12. Responsible Consumption and Production	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Eco-efficient and/or circular economy adapted products, production technologies and processes	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.

Conclusion

Suzano has developed the Suzano Green Financing Framework, under which it and its subsidiaries and affiliates intend to issue or obtain the Green Financing Instruments and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to achieve positive environmental and social impacts in Brazil.

The Framework outlines processes for the tracking, allocation and management of proceeds and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with Suzano’s overall sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11, 12, 13 and 15. Additionally, Sustainalytics is of the opinion that Suzano has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Suzano is well positioned to issue and obtain the Green Financing Instruments and that the Suzano Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023.

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